



PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO  
607 North 8th Street  
BOISE, IDAHO 83702

MINUTES  
OF  
MEETING OF RETIREMENT BOARD

The Board of the Public Employee Retirement System of Idaho met at the PERSI Administration Building, 607 North Eighth Street in Boise, Idaho at 8:25 a.m., March 20, 2001. The following members were present:

Dennis L. Johnson  
Susan K. Simmons  
Pamela I. Ahrens  
J. Kirk Sullivan

Chairman Jody B. Olson was absent; Trustee Pamela Ahrens chaired the meeting. Executive Director Alan H. Winkle, Deputy Attorney General Brad Goodsell, Chief Investment Officer Robert Maynard, Deputy Director Ted Aho, Financial Officer James Monroe, Medical Advisors B. Strouth, John Mather, and Management Assistant Joanne C. Ax were also in attendance.

Other persons attending portions of the meeting were:

Doug Dorn	Dorn, Helliesen & Cottle
Drew Black	D.B. Fitzpatrick & Co
Rod MacKinnon	Mountain Pacific Investment Advisors
Bruce Reeder	Mountain Pacific Investment Advisors
Charlie Brown	Retired Teachers Association of Idaho
James Coleman	PERC/Retired Teachers
Brent Nye	Boise School District
Brian McGrath	DB Fitzpatrick & Co.
Dennis Fitzpatrick	DB Fitzpatrick & Co.
Mario Giannini	Hamilton Lane
Bruce Pflug	Credit Suisse
Sean Corridon	Credit Suisse
Greg Diliberto	Credit Suisse
Geoff Bridges	Milliman & Robertson
Rhonda Yadon	PERSI
Judy Aitken	PERSI

EXECUTIVE SESSION:

Acting Chairman Ahrens noted for the record the necessity to hold an executive session to discuss matters exempt from disclosure as provided in Chapter 3, Title 9, Idaho Code and that Idaho Code §67-2345 (1) (d) authorizes the same. By motion duly made by Trustee Simmons, seconded by Trustee Johnson and unanimously approved, the Board went into executive session at 8:26 a.m.

After discussion of each disability application, the Board resumed the regular session at 8:31 a.m. By motion duly made by Trustee Johnson and seconded by Trustee Simmons, the Board unanimously approved the disability applications Marcella Abell, Robert Bunting, Cathy Lundin, Roger Syverson and Kathryn Tuhkanen with no review. The board was also advised by staff that the application of Maureen Hicks had been approved during the month by VPA, with a one-year review recommended.

#### OLD BUSINESS:

Approval of the Minutes: By motion duly made by Trustee Johnson and seconded by Trustee Sullivan, the Board unanimously approved the minutes of the February 27, 2001 regular meeting of the Retirement Board.

#### PORTFOLIO

Monthly Portfolio Update Noting that the markets have been ugly for the last two months, Mr. Maynard reviewed his updated Portfolio Status Report dated March 19, 2001. The uncertainty continues, with continued announcements of corporate concerns about earnings slowdowns and signs of more serious global economic conditions, all combining to pressure world equity markets. There is a general consensus that the Federal Reserve Board will continue to lower interest rates sharply over the next few months. The total fund and each of the accounts are performing better than expected, given the current market conditions. Growth oriented managers are having difficult times, both absolutely and some against their benchmarks, as are international managers. Fixed income and value-oriented managers are softening the losses, with Brandes and Mountain Pacific, in particular, helping overall fund returns. At the end of the month, we will rebalance the fixed income allocation, moving the excess to active managers in domestic, global and Mellon index funds.

Portfolio Report: Doug Dorn of Dorn, Hellieson and Cottle reviewed his report for the period ended February 28, 2001, which had previously been furnished to the Board. Fiscal year-to-date returns for the U.S. Equity portion is a negative 10.9% compared to the Wilshire 5000 benchmark of negative 15.5%. The total international equity portion (without the hedge) for the same time period is a negative 18.3% compared to the MSCI EAFE benchmark of negative 17.0%. He said the diversification of the portfolio is working as expected, taking some of the risk out of the portfolio. He said you cannot get more return out the market than the market gives you; you can control the amount of risk you take in getting those returns.

Private Equity Report – Mario Giannini of Hamilton Lane told the Board that the normal end-of-year report will be ready in a couple of weeks. He gave a positive report on the private equity investments and discussed the individual managers and their status. In response to a question from Trustee Johnson, Mr. Giannini said we hope to have a local manager soon to give an audience to interested Idaho firms. They will require the same institutional quality with a great chance of successful performance, just as our other private equity investments, but will be local. He explained that in such a venture, PERSI would be joined with many other investors, the same as our current programs.

Other Investment Business: The Acting Chairman opened the floor to comments from

managers who were attending the meeting. Mr. Pflug from BEA (CSAM) said the economy is different today than in 1990 when the markets also were down. – we have a budget surplus compared to a deficit then. His firm was hoping the Federal Reserve Bank would lower the interest rates by 75 basis points. Other managers attending the meeting discussed the slowing economy, expressing hope of a reasonably good year after the markets are stabilized. Dennis Fitzpatrick noted that the market has surrendered the gains of the last year and a half, and the markets are where they were about two years ago.

### FISCAL

Expense Reports: Mr. Monroe reviewed the Portfolio and Administrative Expense Reports for the month of February 2001. He reported that staff is working on electronic transfer capabilities with our employers.

### EXECUTIVE DIRECTOR

Legislative Update: Mr. Winkle reviewed his Legislative Status Report dated March 19 saying HB38, HB39, and the PERSI budget have passed both the Senate and the House. He told the Board that a bill relating to the Firemen's Retirement Fund is being introduced that will correct an error in classification made when that Fund was merged with PERSI in 1976. There is no fiscal impact to the bill; the benefits of five retiring firemen may be affected.

Status Update: The Board had previously received the monthly status memo that summarized the projects in which PERSI is involved. In response to a question from Trustee Simmons, Deputy Director Ted Aho said we are working on an implementation schedule with 100 of our larger employer members for electronic transfer of both data and funds, which will give capability for voluntary employee contributions to the Choice Plan. He expects to have a target schedule at the next meeting of the Board. Mr. Winkle told the Board Members to let him know if they wish to attend the Portland NCTR Trustee Workshop. The workshop will provide an administrative view for trustees, their role with the CEO and also address their fiduciary responsibilities.

Adjournment: There being no further business to conduct, by motion duly made by Trustee Sullivan, seconded by Trustee Johnson and unanimously approved, the meeting was adjourned at 9:44 a.m.

### FUTURE BOARD MEETINGS

Tuesday, April 24, 2001, 8:30 a.m., Boise - PERSI office

Tuesday, May 22, 2001, 8:30 a.m., Boise - PERSI office

Tuesday, June 26, 2001, 9:00 a.m., Twin Falls, Idaho – location to be announced

Pamela I. Ahrens  
Acting Chairman

Alan H. Winkle  
Executive Director